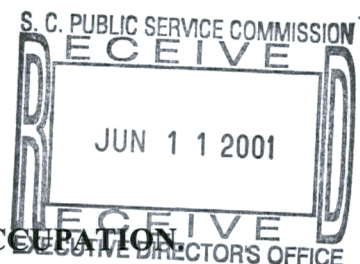


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1 **BELLSOUTH TELECOMMUNICATIONS, INC.**
2 **REBUTTAL TESTIMONY OF W. BERNARD SHELL**
3 **BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

4 **DOCKET NO. 2001-65-C**

5 **June 11, 2001**



6
7 **Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.**

8
9 A. My name is W. Bernard Shell. My business address is 675 W. Peachtree St., N.E.,
10 Atlanta, Georgia. I am a Manager in the Finance Department of BellSouth
11 Telecommunications, Inc. (hereinafter referred to as "BellSouth"). My area of
12 responsibility is economic costs.

13
14 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR EDUCATIONAL**
15 **BACKGROUND AND WORK EXPERIENCE.**

16
17 A. I attended Clemson University, graduating with a Bachelor of Science Degree in
18 Electrical Engineering in 1981. I received a Masters Degree in Business
19 Administration from Georgia State University in 1997.

20
21 My career with BellSouth spans over eighteen years. My initial employment was
22 with Southern Bell in 1981, in Columbia, South Carolina in the Network
23 Department as an Equipment Engineer. In that capacity, I was responsible for the
24 ordering and installation of central office equipment. In 1984, I transferred to the
25 Rates and Tariffs group in Atlanta, Georgia where I was either directly or

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1 indirectly responsible for the rates, costs, tariffs, and implementation of services.
 2 During my time in that organization, I worked with many services/offerings, such
 3 as Local Exchange Service, Service Charges, Operator Services, Mobile
 4 Interconnection and Inside Wire. I moved to the Interconnection Marketing Unit in
 5 1995, where I had various responsibilities, including negotiating with Competitive
 6 Local Exchange Carriers ("CLECs"), developing pricing strategies, and product
 7 managing Collocation. In December 2000, I moved to a position in the cost
 8 organization, a part of the Finance Department. My current responsibilities
 9 include cost methodology development and implementation.

10
 11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12
 13 A. The purpose of my testimony is to respond to the testimony of Mr. Jerry Willis,
 14 who is filing on behalf of NuVox Communications, New South Communications,
 15 Broadslate Networks, ITC^Deltacom, and KMC Telecom, collectively the
 16 "Competitive Coalition", concerning BellSouth's development of costs associated
 17 with collocation. I will also respond to the testimony of another Competitive
 18 Coalition witness, Mr. Don Wood, concerning cageless collocation rates.

19
 20 **Q. WHAT COLLOCATION ELEMENTS DOES MR. WILLIS ADDRESS IN**
 21 **HIS TESTIMONY?**

22
 23 A. Mr. Willis addresses the following nonrecurring collocation elements.

- 24 ▪ Application Fee - Initial
- 25 ▪ Application Fee – Subsequent

- 1 ▪ Space Preparation – Firm Order Processing
- 2 ▪ Security Access – Initial Key
- 3 ▪ Security Access – Replacement Key

4

5 **Q. BEFORE YOU RESPOND TO MR. WILLIS' ASSERTIONS ON THE**
6 **PROPOSED NONRECURRING RATES, PLEASE COMMENT ON HIS**
7 **DESCRIPTION OF THE COLLOCATION PROCESS SHOWN ON PAGE 7**
8 **OF HIS DIRECT TESTIMONY.**

9

10 A. Mr. Willis' description is at a very high and simplistic level and not totally correct.

11 There are several steps involved in the process. Several different work groups

12 must provide input and perform work. Since there are likely to be several jobs

13 occurring at the same time in central offices, the process must be coordinated with

14 the many groups that are involved with managing space, power, air conditioning,

15 cable racking, etc. on several jobs. It is far from being a simple process of

16 BellSouth receiving one application for one central office with no other activity in

17 that central office and one person having full knowledge of all required

18 information in that central office.

19

20 Additionally, Mr. Willis is not correct on the process flow for BellSouth. He

21 shows seven steps. However, after his fifth step, BellSouth would request space

22 acceptance from the CLEC. His first five steps correctly show BellSouth's process

23 flow at a high level. After BellSouth has prepared the space for collocation and

24 sent the notification to the CLEC that space is ready, BellSouth and the CLEC

25 should schedule a walk through of the collocation space. BellSouth would correct

1 any deviations identified. If none are identified, the space is considered accepted
 2 at that time. After space acceptance, then the CLEC installs its equipment in the
 3 prepared space and makes it operational. This would be the last step in the
 4 process.

5
 6 **Q. MR. WILLIS ADDRESSES SEVERAL COLLOCATION ELEMENTS,**
 7 **HOW DO YOU RESPOND TO HIS ALLEGATIONS?**

8
 9 A. I first define the specific cost element and then respond to his allegations on each
 10 one. I will start with the Application Fee – Initial. The Application Fee – Initial
 11 applies for work associated with a CLEC submitting an application requesting a
 12 specific collocation arrangement for the first time in a central office. The
 13 Application Fee recovers costs associated with various activities, such as:
 14 ▪ Reviewing application for accuracy
 15 ▪ Discussing application with applicant
 16 ▪ Processing application
 17 ▪ Distributing application to other departments
 18 ▪ Review of application by different departments
 19 ▪ Compilation of responses on the specific application

20
 21 Mr. Willis on pages 8 through 14 of his direct testimony addresses this
 22 nonrecurring charge. He specifically states on page 12 (lines 13 – 14) that the
 23 work time identified by BellSouth is much more than what should reasonably be
 24 required to complete this work. His basis for that statement seems to be that
 25 BellSouth only provides a simple yes or no response regarding the availability of

1 collocation space and that the work time leads to a charge of \$3,767.34. As stated
2 previously, the process is not as simple as Mr. Willis implies. There are
3 approximately nine different work groups identified in the cost study, not one
4 person, that must review the application and the details included on it. Moreover,
5 it is not as simple as reviewing one application. The impacted groups would need
6 to ensure that they consider other planned/pending jobs for that particular central
7 office. Each office will be different. They would also need to ensure that they are
8 aware of what other groups are doing. In other words, there would need to be
9 meetings or discussions between the area work groups involved. The work time
10 shown is based on the time required to thoroughly review and respond to an
11 application. The response would include a price quote, information on the
12 available collocation space, estimated time interval for the job, and configuration
13 of the space.

14
15 Additionally, the fact that the proposed charge is \$3,767.34 does not mean that the
16 work time is overstated. This charge is in line with the application fee being
17 applied in other states, and it is less than the current application fee of \$4,850.00
18 approved by this Commission in the previous UNE docket (Docket No. 97-374-C,
19 Order No.98-214). Regarding the collocation cost study, the order stated the
20 following on page 40:

21 Although we think BellSouth's collocation cost study also accurately
22 reflects the cost incurred to provide physical collocation, we hold that
23 approval of a lower amount would further the goal of fostering
24 competition in the local exchange carrier market. We therefore approve
25 a one time application fee of \$4,850.00 for physical collocation, which
is close to the amount recommended by AT&T.

Given that the proposed application fee is in line with the application fee being

1 applied in other states and less than the one ordered by this Commission
 2 previously, using this as a basis to argue that work times are overstated is not
 3 appropriate.

4
 5 **Q. ON PAGE 11 (LINES 1 – 5), MR. WILLIS STATES, “ IF SPACE IS**
 6 **AVAILABLE, WE ALSO RECEIVE FROM OUR COLLOCATION**
 7 **ACCOUNT MANAGER AN ESTIMATE REGARDING THE COST AND**
 8 **TIME INTERVAL ESTIMATE WITH A PRELIMINARY FLOOR PLAN**
 9 **FOR THE COLLOCATION BUILD OUT. HOWEVER, A SEPARATE**
 10 **SPACE PREPARATION FEE THAT IS EXCLUSIVE OF THE COST OF**
 11 **THE INITIAL APPLICATION COVERS THIS ESTIMATE.” IS HE**
 12 **CORRECT?**

13
 14 A. No. The cost of providing a complete application response, inclusive of the cost
 15 and time interval estimate and preliminary floor plans, is recovered via the
 16 Application Fee. The Space Preparation Fee recovers costs incurred after a CLEC
 17 submits a firm order advising BellSouth to proceed with preparing the collocation
 18 space. The Application Fee is designed to recover all costs associated with
 19 providing a complete response to a collocation application.

20
 21 **Q. MR. WILLIS ADDRESSES BELL SOUTH’S ON-LINE (“eAPP”) SYSTEM**
 22 **ON PAGE 12. PLEASE COMMENT ON HIS STATEMENTS.**

23
 24 A. The eAPP system is designed to make it easier and more efficient for the
 25 distribution of applications and firm orders. Instead of sending applications and

1 firm orders via fax or overnight mail service, companies can use an electronic
2 medium. Mr. Willis is correct that the system automatically rejects applications
3 with missing information. However, he is incorrect in his assumption on page 12
4 (line 20) that no manual editing (review) of the application is required. The system
5 checks for basic errors only, such as fields with missing data and letters where
6 numbers should be. It does not check to make sure that the requested collocation
7 arrangement is included in the CLEC's current agreement or that there are no
8 inconsistencies with the items requested.

9
10 A representative from the Account Team Collocation Coordinator ("ATCC")
11 group must still validate that the application is correct and ensure that the
12 application has been validated before the other groups begin reviewing it. The
13 ATCC would also interface with the other groups and with the CLEC, if needed, to
14 answer questions or resolve concerns with the application during the review
15 process and work with the other groups to compile the final response. Given these
16 work activities as well as others, such as activities to get the billing account
17 number established, the 11 hours on average per application is reasonable.

18
19 **Q. ON THE TOP OF PAGE 13, MR. WILLIS QUESTIONS THE**
20 **INTEREXCHANGE NETWORK ACCESS COORDINATOR ("INAC")**
21 **WORK TIME OF 20 HOURS FOR REVIEW OF THE INITIAL**
22 **APPLICATION. PLEASE EXPLAIN WHY THAT WORK TIME IS**
23 **APPROPRIATE.**

24
25 A. The INAC is considered the coordinator of the Network related groups. The INAC

1 initiates and facilitates meetings of the area teams that would be involved with
 2 completing the collocation arrangement. As such, they are in contact with every
 3 group, including the ATCC. They work with the area team to establish tentative
 4 schedules and identify major construction items, and serve as the technical
 5 consultant for the ATCC and the CLEC, if needed. Additionally, the INAC
 6 receives the response from area team and reviews it prior to providing the response
 7 to the ATCC. Thus, the INAC's role as an overall technical consultant requires a
 8 lot of interface time with the other members of the team to ensure all parties are in
 9 agreement with the tentative schedule and plan and that all issues are fully
 10 resolved. As such, the 20 hours is not unreasonable if one considers how much
 11 time just facilitating two to three meetings could consume.

12

13 **Q. MR. WILLIS PROVIDES HIS EXPERIENCE WITH INITIAL**
 14 **APPLICATIONS IN BELL SOUTH ON PAGE 13, LINES 9 – 15. IS THERE**
 15 **ADDITIONAL INFORMATION THAT YOU CAN PROVIDE?**

16

17 A. Yes. Mr. Willis is correct. NuVox Communications has submitted 172
 18 applications within BellSouth's nine-state region that have been processed and
 19 passed on to either firm order or space ready stage. However, it is important to
 20 know the type of applications included in the 172, especially since none of them
 21 are initial application requests. The type of applications and the number for each
 22 are as follows:

23	▪ Space Relinquish	103
24	▪ Power Reduction	59
25	▪ Remove Cables	9

1 ▪ Add Cables

1

2 Space Relinquish simply means that the CLEC is terminating its use of the
3 collocation space, and is removing its equipment. In that case, BellSouth simply
4 asks the CLEC to complete an application so that we can ensure our records are
5 updated correctly. BellSouth does not apply an Application Fee when a CLEC
6 terminates the collocation arrangement.

7
8 The power reduction and cable related applications would be considered
9 subsequent applications. Power reduction means the CLEC is reducing the amount
10 of DC power that it needs to run their equipment. The cable related applications
11 are to either add cables or remove cables that run from the collocation space to the
12 distribution frame. The actual work effort to review and complete the activity is
13 much less than a true initial application.

14
15 An example of a true initial application request would be as follows:

16
17 CLEC requests first collocation arrangement in a central office that
18 entails 6 bays of equipment requiring 50 amps of power. It will need to
19 run 200 cable pairs, 25 DS1, 20 DS3s, and 5 Fiber cables from the
20 collocation space to the distribution frame. It will also need to run
21 entrance fiber cable into the central office.

22
23 With this request, BellSouth would need to ensure that the particular central office
24 had sufficient space, power capacity, cooling capacity, cable racking , etc. to meet
25 the CLEC's needs. There would need to be interdepartmental meetings or

1 discussions in the local area or state where the central office is located to ensure
 2 that the different groups all understood and agreed with the tentative schedule and
 3 activity to prepare the collocation space prior to responding to the application.

4
 5 **Q. DO YOU AGREE WITH MR. WILLIS' RECOMMENDATION TO**
 6 **REDUCE THE WORK TIMES ON THE INITIAL APPLICATION?**

7
 8 A. Based on the above, Mr. Willis' recommended reduction in work times should be
 9 rejected. His recommendations are not even based on experience with actual
 10 initial applications. Further, based on the actual work required with an initial
 11 application, BellSouth's work times are reasonable.

12
 13 **Q. MR. WILLIS NEXT ADDRESSES THE SUBSEQUENT APPLICATION**
 14 **FEE ON PAGES 15 - 17. DO YOU AGREE WITH HIS DESCRIPTION OF**
 15 **THAT FEE?**

16
 17 A. Yes. His description on the top of page 15 is correct. The same application
 18 process will occur. The only difference is that the CLEC will already have
 19 established a collocation arrangement in the central office.

20
 21 **Q. SIMILAR TO THE INITIAL APPLICATION FEE, MR. WILLIS**
 22 **RECOMMENDS REDUCING THE SUBSEQUENT APPLICATION WORK**
 23 **TIMES AND FEE. DO YOU AGREE?**

24
 25 A. No. He has provided no real basis for reducing the work times. BellSouth has

1 already reduced the work times on the subsequent application fee from what they
 2 are on the initial application fee because the CLEC has a collocation arrangement
 3 established in the central office. BellSouth has reduced work times on five of the
 4 work groups. However, as Mr. Willis stated on page 15, line 22, the process is
 5 largely the same. Therefore, for additional power, additional bays of equipment,
 6 additional cables, a coordinated effort by the various groups will be needed to
 7 ensure that we can meet the need.

8
 9 **Q. ON PAGES 18 – 21 OF HIS TESTIMONY, MR. WILLIS ADDRESSES**
 10 **SPACE PREPARATION – FIRM ORDER PROCESSING FEE. PLEASE**
 11 **DESCRIBE THE FIRM ORDER PROCESSING FEE.**

12
 13 A. The Space Preparation - Firm Order Processing Fee recovers costs associated with
 14 receiving, reviewing, and processing a collocation firm order. A CLEC would
 15 submit a firm order to signify that they desire BellSouth to move forward with the
 16 collocation installation work after reviewing the application response. These costs
 17 include:

- 18 ▪ Distributing the firm order document to other involved departments,
- 19 ▪ Updating data bases,
- 20 ▪ Processing payment and verifying credit information,
- 21 ▪ Scheduling meetings or calls as needed,
- 22 ▪ Establishing and monitoring project critical dates.

23
 24 **Q. MR. WILLIS SEEMS TO BE REACHING A CONCLUSION ON WHAT**
 25 **FIRM ORDER PROCESSING COVERS BASED ON HIS LIMITED**

1 **EXPERIENCE WITH BELL SOUTH APPLICATIONS AND FIRM**
2 **ORDERS. PLEASE COMMENT.**

3
4 A. Mr. Willis is indeed reaching a wrong conclusion based on his limited experience
5 with applications and firm orders in BellSouth. Similar to the application
6 examples provided earlier, Mr. Willis has referred to a very simple job to support
7 his question and answer on page 18, lines 15 – 20. He refers to Exhibit JW-6.
8 This is another example of a collocation space being terminated. As stated earlier,
9 the paperwork is needed to ensure our records are correct. There is no application
10 review, fee or coordination effort required in this case. Yet this is what he uses to
11 support his contention that he knows what is required for Firm Order Processing.

12
13 If the Space Preparation – Firm Order Processing work is associated with a
14 collocation request that initially places equipment or adds equipment, then upon
15 receipt of the firm order, the ATCC must review it for accuracy and ensure all
16 required work groups get a copy. The service order group would need to verify
17 credit information, process billing information, and follow-up to ensure
18 completion of service order. The INAC would continue its role as the overall
19 network group coordinator by establishing internal and external meetings or calls
20 to establish project critical dates, monitor project dates, serve as technical
21 consultant with ATCC and CLEC, and to make sure all groups are on board with
22 the firm order and critical dates.

23
24 **Q. DO YOU AGREE WITH MR. WILLIS' RECOMMENDATION TO**
25 **REDUCE THE WORK TIMES ON FIRM ORDER PROCESSING?**

1

2 A. No. Mr. Willis' recommended reduction in work times should be rejected. His
3 recommendations are not even based on experience with actual applications.
4 Further, based on the actual work required, the work times are reasonable.

5

6 **Q. ON PAGE 22 OF HIS TESTIMONY, MR. WILLIS STATES THAT**
7 **BELLSOUTH PASSES ON A MARK-UP ON THE PRICE OF THE**
8 **SECURITY ACCESS INITIAL AND REPLACEMENT KEY CHARGES.**
9 **DO YOU AGREE?**

10

11 A. No. The Security Access Key charges are simply charges that allow BellSouth to
12 recover its costs to obtain, distribute and monitor keys to its central offices that are
13 provided to CLECs. BellSouth cannot speak to the price that NuVox is able to
14 negotiate with Best Access Services for keys, however, BellSouth has used the
15 actual price that Best Access Services charges for keys. There are differences in
16 key types that could cause the prices to be different. BellSouth has unique keys
17 produced for security reasons and these keys cannot be reproduced.

18

19 Thus, it is highly probable that the price for the keys, and the associated contract,
20 with Best Access Services is unique for BellSouth. Either way, BellSouth used the
21 actual price of the key in its cost study. Additionally, BellSouth does not refund
22 any money when the CLEC returns the key because they are not reused and Best
23 Access Services does not refund any money to BellSouth when they are returned to
24 Best Access Services.

25

1 **Q. EARLIER YOU STATED THAT YOU WOULD ALSO RESPOND TO THE**
2 **TESTIMONY OF MR. DON WOOD CONCERNING CAGELESS**
3 **COLLOCATION. BEFORE YOU DO SO, PLEASE DEFINE PHYSICAL**
4 **COLLOCATION AND VIRTUAL COLLOCATION.**

5
6 A. Physical Collocation is an arrangement for the placement of CLEC/collocator-
7 owned facilities and equipment in BellSouth central offices. Such equipment must
8 be necessary for the provision of telecommunications services and for accessing
9 unbundled network elements. Equipment ownership, maintenance and insurance
10 are the responsibility of the collocator. In a physical collocation arrangement, the
11 CLEC's equipment is generally located in a defined area, separate and apart from
12 BellSouth's equipment.

13
14 Virtual Collocation is a service offering which provides for the placement of
15 CLEC/collocator-owned equipment and facilities in BellSouth central offices.
16 Such equipment must be necessary for the provision of telecommunications
17 services and for accessing unbundled network elements. The major difference
18 between physical and virtual collocation is that, with virtual, BellSouth will lease
19 the collocator's equipment for the nominal fee of one dollar and will perform all
20 maintenance and repair on the equipment once the collocator requests such work.
21 In this arrangement, the equipment is most commonly located in the BellSouth
22 equipment line-up.

23
24 **Q. PLEASE DESCRIBE CAGELESS COLLOCATION.**

25

1 A. Cageless collocation is where CLECs collocate equipment and facilities without
2 requiring the construction of a cage or similar structure in BellSouth central
3 offices. CLECs have direct access to the collocated equipment and facilities, and
4 space is made available in single bay increments. Except where CLECs'
5 equipment requires special technical considerations (e.g., special cable racking),
6 BellSouth assigns cageless collocation space in conventional equipment rack
7 lineups where feasible.

8
9 **Q. MR. WOOD STATES THAT CAGELESS COLLOCATION WAS**
10 **CREATED BY THE FCC IN ITS ADVANCED SERVICES ORDER. DOES**
11 **BELLSOUTH COMPLY WITH THIS FCC ORDER AND THE**
12 **SUBSEQUENT COURT DECISIONS ADDRESSING CAGELESS**
13 **COLLOCATION?**

14
15 A. Yes. BellSouth complies fully with the Advanced Services Order and subsequent
16 court decisions. For cageless collocation, CLECs' equipment may, in some cases,
17 be placed adjacent to BellSouth's equipment depending on factors such as space
18 availability and whether BellSouth can secure its own equipment. However, the
19 CLECs' equipment in a physical collocation arrangement cannot be commingled
20 with existing BellSouth equipment due to safety, security, and administrative
21 concerns. As such, BellSouth designates the location of the cageless collocation
22 arrangement within its central office.

23
24 **Q. DOES BELLSOUTH HAVE DISCRETION TO DESIGNATE THE**
25 **LOCATION OF CAGELESS COLLOCATION ARRANGEMENTS**

1 **WITHIN ITS CENTRAL OFFICE?**

2

3 A. Yes. The March 17, 2000 Court of Appeals' decision regarding collocation
4 supports this position. (GTE Services Corporation, et al., v. FCC, No. 99-1176
5 ("D.C. Circuit Opinion"))

6

7 The DC Circuit's opinion on collocation made it very clear that the Incumbent
8 Local Exchange Carriers ("ILECs") have discretion to designate where collocators
9 are located in the ILEC's premises. The DC Circuit held as follows:

10

11 The FCC offers no good reason to explain why a competi-
12 tor, as opposed to the LEC, should choose where to establish
13 collocation on the LEC's property; nor is there any good
14 explanation of why LECs are forbidden from requiring competi-
15 tors to use separate entrances to access their own equip-
16 ment; nor is there any reasonable justification for the rule
17 prohibiting LECs from requiring competitors to use separate
18 or isolated rooms or floors. It is one thing to say that LECs
19 are forbidden from imposing unreasonable minimum space
20 requirements on competitors; it is quite another thing, how-
21 ever, to say that competitors, over the objection of LEC
22 property owners, are free to pick and choose preferred space
23 on the LECs' premises, subject only to technical feasibility.
24 There is nothing in §251(c)(6) that endorses this approach.
25 The statute requires only that LECs reasonably provide
26 space for 'physical collocation of equipment necessary for
27 interconnection or access to unbundled network elements at
28 the premises of the local exchange carrier,' nothing more.

21

22 Thus, I believe the DC Circuit decision has made clear that the ILEC shall have
23 sole discretion to designate the location of the collocation space, including
24 cageless collocation.

25

1 **Q. ON PAGE 72 OF MR. WOOD'S TESTIMONY, HE STATES THAT**
2 **CAGELESS COLLOCATION MOST CLOSELY RESEMBLES VIRTUAL**
3 **COLLOCATION. DO YOU AGREE?**

4
5 A. No, I do not. Mr. Wood seems to be basing his arguments on a misconception that
6 BellSouth places the cageless collocater's equipment within BellSouth's
7 equipment lineups. This is not true. The CLEC's equipment in a physical (caged
8 or cageless) collocation arrangement is not commingled with existing BellSouth
9 equipment due to safety, security, and administrative concerns.

10
11 **Q. MR. WOOD STATES ON PAGE 72, "FROM A COSTING PERSPECTIVE,**
12 **HOWEVER, THE CHARACTERISTICS OF A VIRTUAL COLLOCATION**
13 **ARRANGEMENT ARE MORE APPLICABLE TO A CAGELESS**
14 **ARRANGEMENT THAN ARE THOSE OF A PHYSICAL COLLOCATION**
15 **ARRANGEMENT." DO YOU AGREE WITH MR. WOOD?**

16
17 A. No. As stated above, Mr. Wood is assuming that CLEC equipment is placed
18 within BellSouth's equipment lineup when cageless collocation is requested.
19 BellSouth maintains sole discretion to designate the location of the collocation
20 space. However, BellSouth does agree with the basic description of the
21 differences between physical (caged and cageless) collocation and virtual
22 collocation set forth in the testimony of Mr. Wood.

23
24 **Q. ON PAGE 73, MR. WOOD STATES THAT BELL SOUTH HAS NOT**
25 **PROPOSED COSTS AND RATES THAT ARE APPROPRIATE FOR**

1 **CAGELESS COLLOCATION. IS HE CORRECT?**

2

3 A. No. BellSouth has proposed costs and rates that are appropriate for all types of
4 collocation. All of the cost elements listed under H.1, Physical Collocation, would
5 not apply for cageless collocation. For example, if a collocater requested a cageless
6 arrangement, BellSouth would not apply the Welded Wire Cage rates (H.1.23 &
7 H.1.24). Only the applicable cost elements would apply. Even though BellSouth
8 does not specifically distinguish between cageless and caged physical collocation
9 on Exhibit CKC-1, it should be understood that only applicable elements would
10 apply when cageless collocation is ordered by the CLEC.

11

12 Cageless collocation is more closely related to a physical collocation arrangement
13 than a virtual arrangement. A cageless physical collocation arrangement causes
14 BellSouth to incur costs that are similar to those of a physical collocation
15 arrangement.

16

17 Similarities between caged and cageless physical collocation can be seen by
18 realizing that the only difference between a caged and a cageless physical
19 arrangement is that a cage is not constructed. BellSouth must still review an
20 application to determine, among other things:

- 21 ▪ if space is available as requested,
- 22 ▪ if sufficient power capacity exists,
- 23 ▪ and if sufficient HVAC support exists.

24

25 Additionally, the following H.1, Physical Collocation cost elements could apply on

1 a cageless physical collocation request, but would not apply on a virtual
2 collocation request:

- 3 ▪ Security Access System (H.1.37 – H.1.40, H.1.54, H.1.55),
- 4 ▪ Space Preparation (H.1.41 – H.1.45),
- 5 ▪ Space Availability Report (H.1.47),
- 6 ▪ and the AC Power rate elements (H.1.50 – H. 1.53).

7
8 **Q. STARTING ON THE BOTTOM OF PAGE 73 AND CONTINUING ON**
9 **PAGE 74 OF MR. WOOD’S TESTIMONY, HE EXPLAINS WHY HE**
10 **THINKS THE COSTS OF CAGELESS AND VIRTUAL COLLOCATION**
11 **SHOULD BE THE SAME. IS HIS REASONING VALID?**

12
13 A. No. Again, his testimony is based on the erroneous assumption that BellSouth
14 places cageless physical collocation within BellSouth’s lineup. BellSouth does not
15 place cageless collocation equipment in a BellSouth lineup when a CLEC applies
16 for cageless collocation.

17
18 **Q. MR. WOOD, ON PAGE 75, STATES THAT IT IS NOT “NECESSARY OR**
19 **APPROPRIATE FOR BELL SOUTH TO CHARGE CLEC’S AN**
20 **“APPLICATION COST” IN ORDER TO PROVIDE CAGELESS**
21 **COLLOCATION.” DO YOU AGREE?**

22
23 A. No. Once again, his first error is assuming BellSouth places cageless collocation
24 equipment in BellSouth’s lineup. Second, based on the first error, he assumes that
25 BellSouth does not need to review an application to ensure that the company can

1 meet the CLECs' specific request. BellSouth must review an application where
2 the CLEC desires to collocate in a cageless arrangement.

3
4 The CLEC will have specific space, power, and cooling capacity needs that must
5 be assessed. The only difference in the review and provisioning process between
6 cageless collocation and caged collocation is the design and construction of a wire
7 mesh cage. Even this can be done by the CLEC's certified vendor, instead of
8 BellSouth, if the CLEC desires. Given that the collocation arrangement requested,
9 whether cageless or caged, will require space beyond BellSouth's lineup, and will
10 require additional power and cooling capacity, among other things, there is no way
11 that BellSouth can determine if the required capacities exist without an application.
12 Further, BellSouth also charges an application fee on virtual collocation requests.

13
14 Regarding Mr. Wood's statement that the FCC has been clear that processing an
15 application for cageless collocation need not, and cannot, include any of these
16 tasks, BellSouth is not sure what tasks are being referred to. I assume the reference
17 is to the following, which is taken from Mr. Wood's testimony, at the bottom of
18 page 75:

19
20 Processing an application for a caged collocation arrangement may require
21 an ILEC to assess available space, design and construct an enclosure, and
pull power, monitoring, and network cables to that space.

22
23 BellSouth is not aware of any FCC order stating that an ILEC cannot recover the
24 costs associated with reviewing a cageless collocation application. We agree that
25 there is no need to review activity associated with a wire mesh cage enclosure,

1 however, the other requirements must still be reviewed.

2

3 **Q. ON PAGE 76 OF HIS TESTIMONY, MR. WOOD STATES THAT**
4 **ITC^DELTACOM, A MEMBER OF THE COMPETITIVE COALITION,**
5 **“DOES NOT CHARGE UP-FRONT CHARGES OF ANY KIND” FOR**
6 **COLLOCATION. HE CONCLUDES THAT THIS IS INDEPENDENT**
7 **EVIDENCE THAT IT IS REASONABLE FOR CAGELESS**
8 **COLLOCATION TO BE PROVIDED WITHOUT CHARGING THE**
9 **APPLICATION FEE. PLEASE COMMENT.**

10

11 A. First, this is far from being independent evidence since ITC^DeltaCom is a
12 member of the Competitive Coalition. Further, given that ITC^DeltaCom is a
13 member of the Competitive Coalition and a CLEC, they cannot represent what is
14 reasonable for an ILEC, such as BellSouth. Any party could choose to forego cost
15 recovery; however, all of the costs that a company incurs must be recovered in
16 some manner in order for it to remain a viable business. Without a review of the
17 cost support for ITC^DeltaCom's rates, it is impossible to determine whether the
18 monthly recurring charges were calculated to recover the applicable costs
19 associated with reviewing the collocation request.

20

21 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

22

23 A. Yes.

24

25

STATE OF SOUTH CAROLINA)
) CERTIFICATE OF SERVICE
COUNTY OF RICHLAND)

The undersigned, Susan Davis Gibson, hereby certifies that she is employed by the Legal Department for BellSouth Telecommunications, Inc. ("BellSouth") and that she has caused the Rebuttal Testimony of W. Bernard Shell to be served by placing such in the care and custody of the United States Postal Service, with first-class postage affixed thereto and addressed to the following this June 11, 2001:

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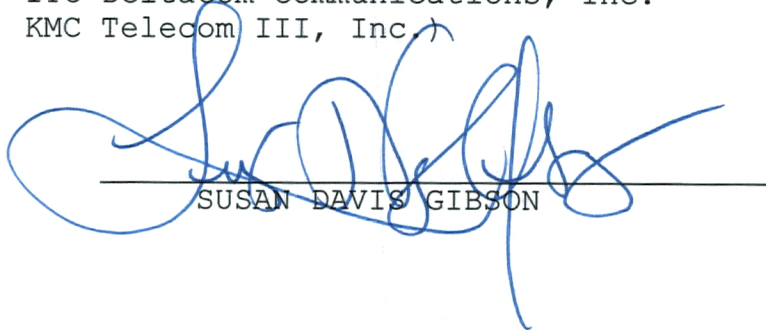
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